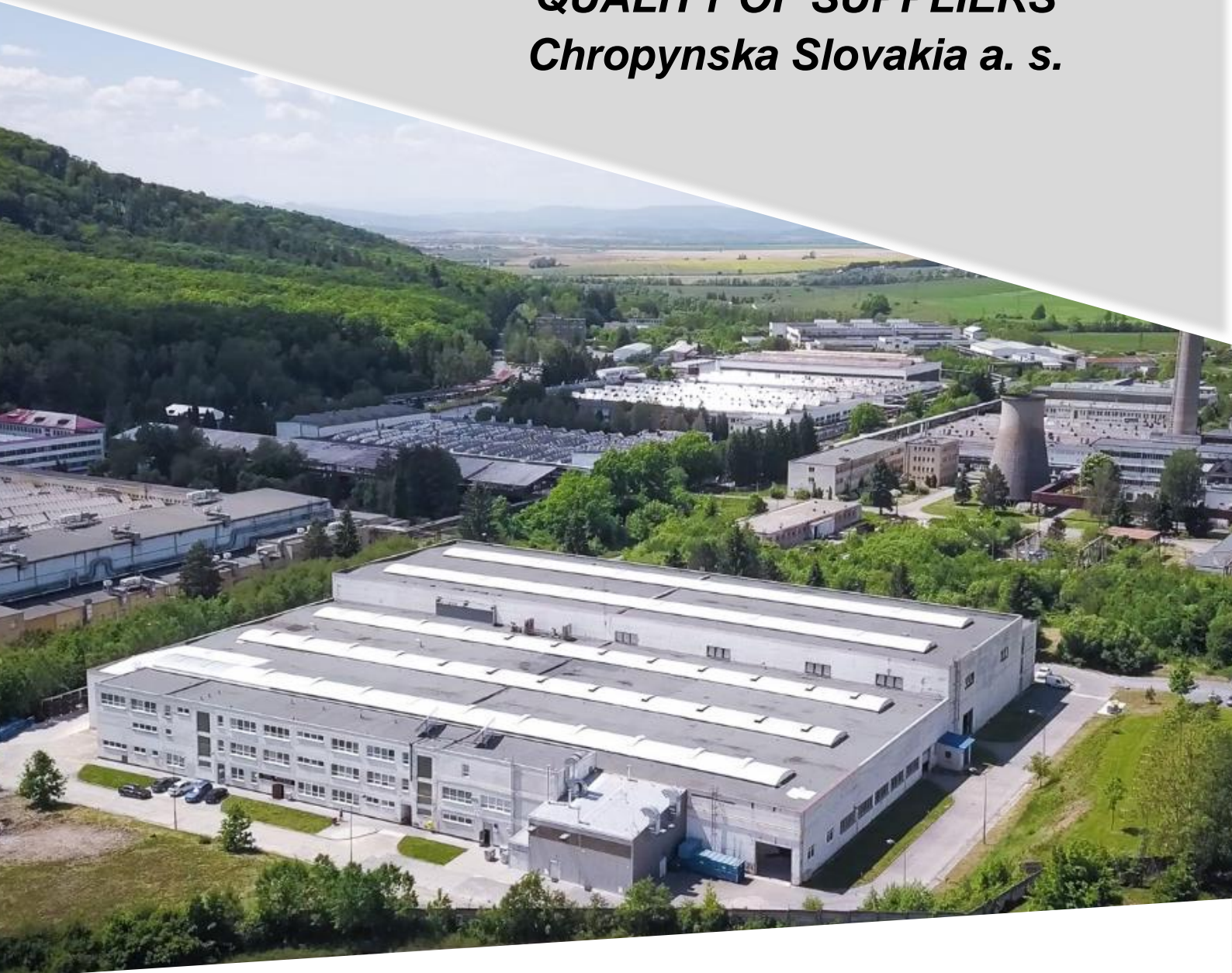


**GENERAL CONDITIONS
QUALITY OF SUPPLIERS
Chropynska Slovakia a. s.**



CHROPYNSKA

Engineering. Production. Flexibility.

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1 Supplier's responsibility for the quality of its products and services

General quality conditions of CHR SK binding on suppliers define the requirements expected of suppliers and also set out the procedures necessary for determining the quality of purchased parts.

Suppliers shall bear unlimited responsibility for the quality and faultless workmanship of the parts/materials supplied. The primary manufacturing responsibility for the purchased parts used in the final delivered product shall be that of the supplier. The supplier is fully responsible for the quality and safety of the products supplied.

If the supplier subcontracts part of the production to its subcontractors, then the quality assurance requirements binding on the suppliers must also be demanded from their subcontractors. However, the supplier remains responsible for the quality of deliveries to CHR SK

CHR SK expects its suppliers and subcontractors to create organizational and technical environment to increase safety of its products and minimize product liability risks.

All products supplied to CHR SK must comply with the current legal standards (e.g., those relating to the environment, electricity and magnetism) in force in the country.

At the same time, the supplier is responsible for an effective quality management system in its organization.

The main objective of the process of purchasing products and services by CHR SK and the goal of this document is to ensure stable quality of products and supplies within the required time and price resulting in reduced need for inbound inspection in CHR SK

The supplier's quality strategy must aim at continuous improvement of its processes and performance. The objectives are - "Zero defects", 100% reliability of delivery as well as reduction of costs for both products and services. This means overall satisfaction of the customer (CHR SK) with ordered deliveries and purchased services, as expressed at least once a year in the "Supplier Evaluation".

2 Supplier quality planning

The Supplier undertakes, and shall be responsible, for planning, organizing and implementing its own production process and quality assurance in such a way as to ensure overall quality management control.

Before each new order, the specific quality requirements for the products and services to be supplied must be consulted with the customer's representative. The supplier shall check the completeness and accuracy of the documents and, if necessary, request further information from the customer.

The customer shall have the right to receive and inspect the delivered finished products directly at the supplier's premises if this is agreed at the time of placing the order.

In the event of quality defects or deficiencies in the supplier's system, the customer shall have the right to check compliance with its requirements on the spot. Depending on the state of the matter, this check may be carried out as a technical consultation.

The customer shall have the right to audit the system or product at the supplier's, which must however, be arranged at least 14 days prior to the scheduled execution.

2.1 Contact persons

CHR SK expects suppliers to appoint responsible contact persons in the areas of logistics, sales and quality. The aim is to ensure accurate and timely resolution of all project-related issues with the specific responsible person.

Designation of contact persons is required at the bidding stage and is recorded in the customer's ERP system under the supplier number.

3 Basic assumptions and measures

3.1 Technical documents

The quality requirements that must be met are stated in the technical documents, e.g., drawings, material specifications, product delivery directives, delivery conditions. The Supplier shall always receive the latest technical documents from the Customer in printed or (electronic) data form. The Supplier shall ensure that production and inspection is carried out according to these documents submitted to it and mutually agreed on.

3.2 Assessment and confirmation of manufacturability

Before confirming the order, the supplier must verify that safe production is possible, it is able to satisfy the customer's requirements using its own or any additional external production facilities, and that all the required quality parameters shall be met. Should the supplier find that it is unable to meet the required quality parameters, it must agree with the customer on a further course of action. An order confirmation must be sent to the customer's ordering personnel in written or electronic form in confirmation of manufacturability within the required time and quality.

3.3 Supplier control process

The supplier must establish the necessary monitoring and control activities prior to production commencement and also ensure traceability of the production process.

3.4 Storage of data pertaining to quality

The supplier shall be responsible for arranging, maintaining and archiving documentation related to its longstanding inspection activity. At the request of CHR SK, the contractor shall be obliged to allow access to this documentation to representatives of CHR SK.

3.5 Actions to be taken by the supplier in the event of defects

If a defect is found in the product or performance during production, then the production process must be interrupted immediately and corrective action must be taken.

3.5.1 Deviation authorization

In case of deviation from the product specification (drawing, technical delivery conditions, material, material properties, etc.), the supplier must ask the customer for approval of the deviation before

delivering the products. For this purpose, the customer's written consent must be requested via the contact partner indicated in the order.

The customer may approve of this deviation informally, e.g., by making a handwritten note on the drawing and sending it to the supplier by e-mail. The customer's approval of the deviation must be attached to the delivery notes (copy of the respective e-mail)

3.6 Packaging and labelling

The supplier is responsible for the protection of its products by the use of appropriate packaging. On delivery, packaging/packages and products must be labelled in accordance with agreements made with the customer and the customer's packaging regulations.

The delivery notes and the packaging units (repackages, individual packages) must be marked at least with:

- order/contract number
- quantity and unit
- all parts in the packaging must be accompanied by the corresponding drawings
- where delivery is made under a complaint, the complaint number.

If applicable, additional data:

- a copy of the special release granted by the customer (according to chapter 3.5.1)
- notice of partial or outstanding delivery.

Including (if required in the order):

- measurement reports,
- material certificates,
- calibration certificates of the gauges used in the inspection process.

Materials, semi-finished products, parts and finished products shall be clearly marked and stored in such a way as to exclude any possibility of confusion or mix-up and to guarantee traceability.

3.6.1 Documentation

The supplier shall attach appropriate drawings to all works so that the products are clearly identifiable.

It shall, furthermore, be obliged to supply measurement reports, if such are specified in the order documents. The format of the measurement report shall comply with the requirements of a document serving as a proof of unambiguous information on the value of the inspected parameters of the delivered parts.

3.7 Means of testing/checking - calibration

The supplier shall be equipped with testing/inspection facilities so that all contractually agreed quality parameters can be checked. The supplier shall be required to use only calibrated and verified measuring and testing equipment. Calibration shall be documented and the gauge clearly marked with the date of the next calibration.

All universal gauges, including electrical and pneumatic instruments, fixed checking and measuring jigs, shall be calibrated in accordance with the established calibration plan. Calibration intervals shall be governed by the type of instruments and the intended use.

3.8 Inspection of products and services delivered under contract

The supplier shall be responsible for delivery of the Products and Services ordered under the Contract in accordance with the Specification. At the initial inspection at the customer's premises, the delivered goods shall, in principle, be inspected for quantity, quality as well as damage due to transport and packaging. Any shortcomings found shall be notified to the supplier without delay.

Otherwise, the customer shall inspect the delivered product in accordance with the internal instructions and shall immediately inform the supplier in writing if any non-conformity is found.

3.9 Supplier's complaint handling

If a deficient quality is detected in the delivery to CHR SK, CHR SK shall immediately inform the supplier of this fact.

The binding form of notification is that of a completed "Complaint Protocol" (Annex - inspection finding)/8D report.

The supplier shall confirm the ~~delivery~~ receipt of the complaint report/8D report in writing within 3 working days.

The supplier shall reply to CHR SK exclusively in the form of a completed complaint /8D report.

The form of corrective action shall be decided by agreement between CHR SK and the supplier.

If defective products are discovered after delivery to the customer, they will be sent back at the supplier's expense following agreement between the parties on the schedule of such return shipment. Depending on the condition of the item, the supplier must promptly supply the necessary replacement free of charge or pay the repair costs.

If immediate repair is necessary due to shipping dates or other circumstances, the customer reserves the right to have the products repaired by CHR SK Inc. and to charge the supplier the costs thus incurred.

3.10 Reliability of supply

The supplier is obliged to observe and check the agreed quantities, quality and deadlines. If the supplier discovers that the quantity ordered cannot be delivered on the agreed date, in the required quality and in the required quantity, then the supplier is obliged to immediately inform the contact partner indicated in the order.

Deviations from the agreed delivery dates and quantities also affect the evaluation of suppliers, which is an important criterion for the customer when awarding new orders.